

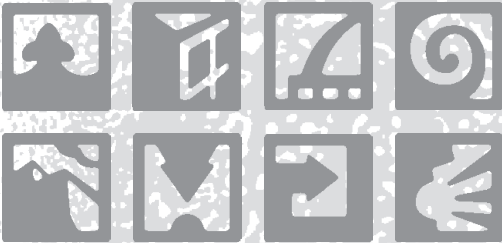


PHASE

3

How County Services Should be Funded

REPORT AND RECOMMENDATIONS



FUNDED

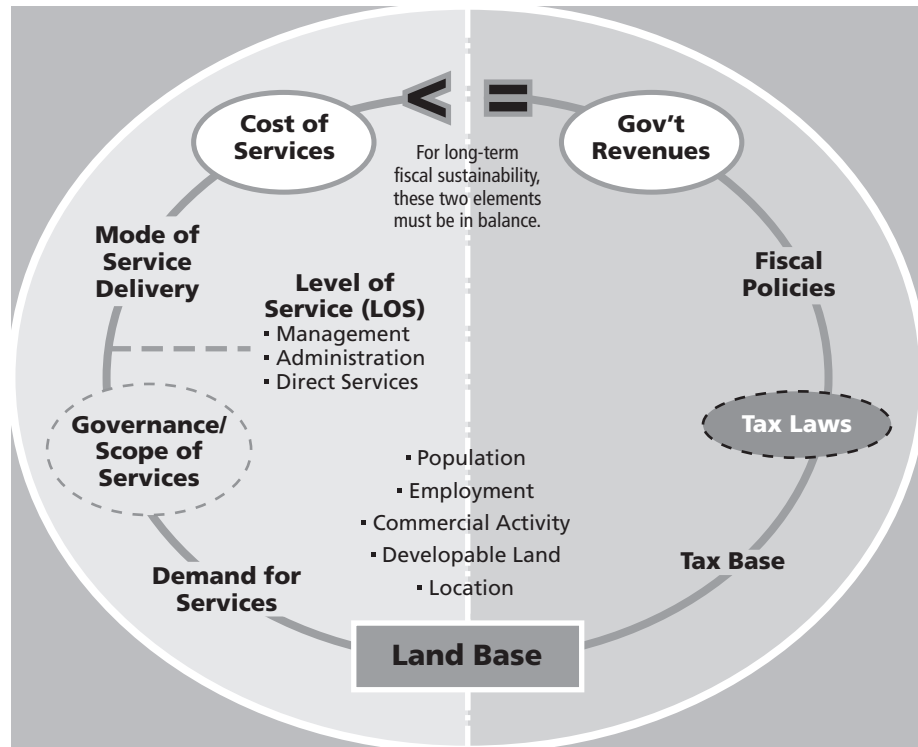
Most County revenues are expressly restricted by state law to the purposes for which they are collected. The Current Expense fund (one-quarter of revenues) is the only remaining general purpose source to fund many County services.

- The Commission learned that the County does not have legal authority to assess some kinds of revenues that cities can, nor the tools to generate revenue authorized by the State.
- Three-quarters of the County's revenues are expressly restricted by state law to the purposes for which they are collected. The Current Expense fund, the remaining quarter of revenues, are the only remaining general purpose funds to fund many county services.
- Most sources are restricted in use and limits on rates and revenues exist.
- Counties are beholden to the state and voters for additional authority. The property tax has been the most stable source of revenue for counties, and with recent limits on revenues, cities and counties will increasingly be in the business of asking voters for property tax "levy lid lifts" if additional revenue is needed.
- The implementation of the state's Growth Management Act will increasingly direct sales tax revenues to cities as development is directed toward urban incorporated areas. The result is that the sales tax base for the County will decline.
- Cities and counties will increasingly seek fewer restrictions on revenues or cutting back mandated expenditures from the State.
- Calculations of "cross-subsidization" are complex, inadequately analyzed, and fail to address the real issue that King County is generating and using revenues for local services that should be used for county-wide services.



Fiscal Balance Framework

Providing services while achieving a balanced budget is the core, long-term sustainability challenge for most governments. In most governments in Washington, revenues are growing more slowly than the general cost of living, requiring prioritization. The most recent policy change bringing imbalance is tax-limiting initiatives (darkest box, "Tax Laws").



Without change elsewhere
in the system, fiscal balance
will degrade over time.

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Demand for Services represents the demand for specific services to meet the needs of the community.

Governance/Scope is the statutory framework that guides how the government is organized and structured to deliver services. State law, charters, codes, regulations guide this. The dotted line indicates that change requires authority from the citizens or the state.

Level of Service represents community choices and expectations. Governments may not choose whether they can provide certain direct services, but have flexibility to make choices about how services are delivered in the areas of management.

Mode of Service Delivery focuses on how direct services are delivered efficiently and productively by changing the coordination, deployment, and management of resources.

Land Base resources are mostly fixed or influenced by the private sector.

Tax Base includes property values, taxable retail sales and commercial activity that could generate public sector revenue. Generally, there are three sources of tax base: income, consumption and wealth.

Tax Laws are the boundaries for the tax base to be turned into revenue to support services. This element represents much more than taxes – it includes all statutory authority the government has to generate income: grants, property taxes, sales taxes, permits, fees, fines, investment interest.

Fiscal Policies represent the government's actions to combine statutory authority and revenue capacity to generate revenues.

The Commission concurs with Budget Advisory Task Force (BATF) recommendations that King County should:

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For services the County must provide due to federal and state mandates, funding should be granted directly to counties and not “passed through” the state where administrative costs are deducted, similar to the Community Development Block Grants (CDBG) that cities and counties receive from the federal government. The State of Washington should consider a system of service regions to administer state and federal funding similar to Community Development Block Grants that are granted directly to local jurisdictions.





PHASE

4



Governance and Political Structure to Provide County Services

REPORT AND RECOMMENDATIONS

STRUCTURE

Governance and Political Structure to Provide County Services

Ordinance 14514, Section 5.B.4 directs the Commission to consider the need and recommendations for change in the County's governance structure and policies in the following areas:

- ▶ The designation of any elected county office as a partisan or nonpartisan office;
- ▶ The designation of any elected county office from elected office to appointed office;
- ▶ The size and structure of King County government, including all elective county offices; and
- ▶ The size and structure of the council, including number of councilmembers, staffing and salaries.

Our discussion of these issues was informed by our review of other counties referenced in Appendix J; research about the form and structure of other populous metropolitan counties; statements by members of the public at the January 29 Community Forum; and speakers who came to talk with the Commission during January, 2004.

The Commission placed primary importance on the question of which offices should be accountable to the electorate, and the basic form of County government and relations between the executive and legislative branches that would provide the most efficient, effective and accountable government to citizens. We considered partisanship and size of the Council to be secondary questions that followed from the first.

Size and Structure of County Government

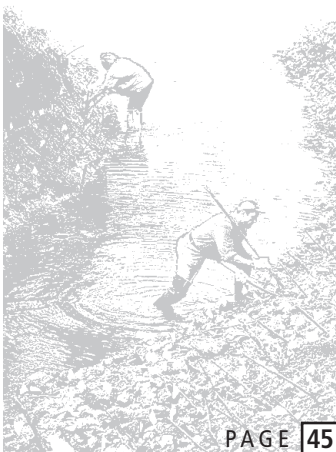
Background

The three most common forms of county government are the commission form; the council-elected executive form; and the council-manager form. The key distinction among the three forms is how legislative and executive powers are separated among the branches of government. In all three forms, the role of the legislative branch is to set policy for the government and initiate and approve appropriations.

- In the Commission form of government as we know it in Washington (all non-charter counties), a legislative board fulfills both executive and legislative functions and "row officers" or separately elected officials serve a range of duties (assessor, attorney, recorder, sheriff, treasurer). Boards of Commissioners are usually small (3 members), nominated by district and elected at-large.

The Commission placed primary importance on which offices should be accountable to the electorate, and the relations between the executive and legislative branches that would provide the most efficient, effective and accountable government to citizens.

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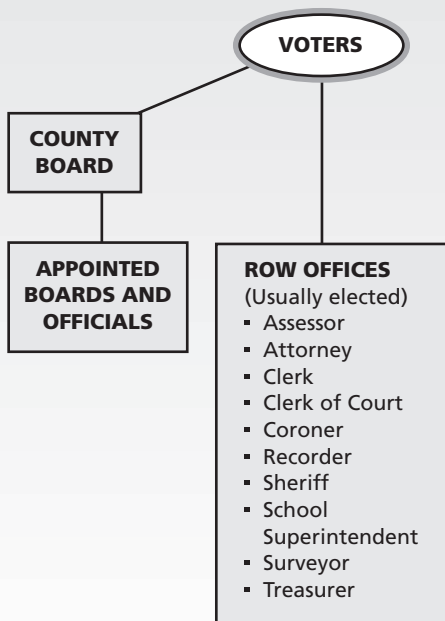


- The Council-Elected Executive form of government (currently in place in King County) is suited to urban counties with significant political competition and policy debate. This form separates the executive function from the legislative branch into a formal head of the county with a role in proposing budget, implementing legislative policy direction, acting as spokesperson, and appointing department directors to enforce council ordinances.
- In the Council-Manager form of government, used in a number of urban counties across the nation, a professional manager is hired to serve the Council by managing projects and programs and budgets. There are several ways the Council-Manager form can work: the Manager can report to the elected legislative or executive branch, and can be adapted to local preferences.

Basic Forms of County Government Structure

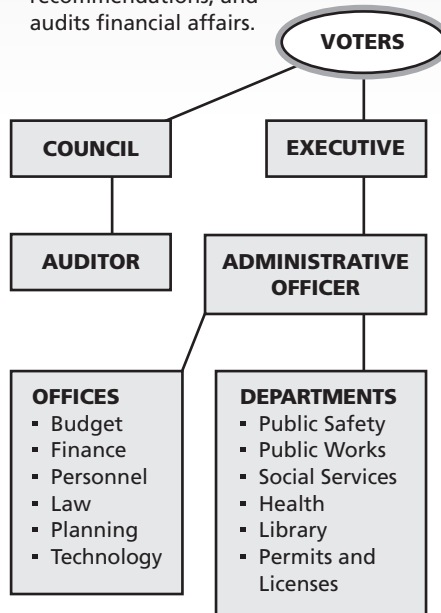
Commission Form (1724, PA)

- Governing board fulfills executive and legislative functions (commission or supervisors)
- Boards are small (3-5), elected by district or at-large
- Sometimes have judicial power (uncommon) or adaptation is one member as judge (probate)



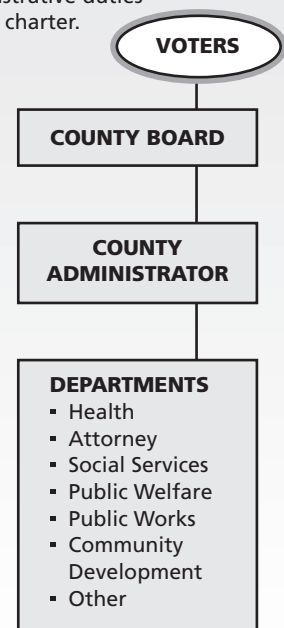
Council-Elected Executive Form (1893, IL)

- Suited to urban counties with substantial political competition and policy debate
- Elected executive functions as appointed administrator, formal head of county with veto power. Role in policy, budget, spokesperson, department appointments, enforces council ordinances.
- Council sets policy, approves budget, communicates to higher legislative powers, conducts studies and makes recommendations, and audits financial affairs.



Council-Administrator Form (1927, NC)

- Small elective governing board as policy makers
- Appointive executive selected by and serving at pleasure of board
- Board adopts policy ordinances, approves appropriates and levies and appoints administrator.
- Administrator enforces ordinances, budget, recommends on policy/administrative matters. Administrative duties part of charter.



The Commission heard advantages and disadvantages of each of these forms of government in its work. (See Appendices K and M.) There are variations on these forms. The professional manager form can work with separately elected executive and legislative branches. Some counties, such as Montgomery County, MD, operate with separate branches of government (elected executive and council) plus an appointed chief administrative officer who manages departments. In a Board-President model (such as in Cook County, IL), a 17-member Board of Commissioners is the legislative branch, and elects from its own ranks a Board President who is responsible for administering the departments of 13 county functions. The Board President additionally presides over Board meetings with a regular vote and countywide representative duties.



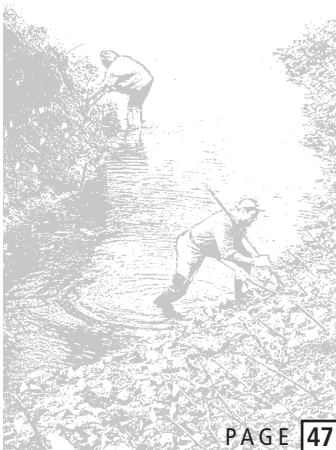
Size and Structure: Recommendation No. 1

Short-term, the Commission recommends that King County retain the Council-Executive form of government. Longer-term, the next Charter Review Commission should give focused examination to the Council-Executive and other forms of government, including appointed County-Manager and Council-Board President forms of government with blended legislative-executive powers. As the responsibilities of the County shift from local to primarily county-wide service provision, a shift in the form of government may be warranted.

Rationale

Accountability, responsiveness to voters, and effective delivery of services were identified as important issues. We heard that the city manager form of government works for most cities in King County and a benefit was the separation of policy and administration, while still allowing strong oversight and involvement by the legislative branch. While a professional manager form of government may free elected officials to focus on policymaking duties and provide leadership, and carry out policies set by elected officials and day-to-day operations of the County, we heard of examples where managers were not responsive to citizens and that difficulties with accountability arise when intense political battles occur. King County is the 12th largest county in the country, and has a broad scope of services. We believe County residents are best served now by a strong executive model with clear checks and balances between the separate branches of government, with the legislative branch elected geographically by district, and the executive elected to represent the whole County. We also heard that the County's relations with the federal and state systems, which also have strong executive forms of government, are made easier with the County's parallel strong executive model.

King County today has three service delivery roles: first, it is the local government for unincorporated areas outside the urban growth boundary;



the County is also the local service provider in unincorporated urban areas; and it is the county-wide service provider for all County citizens for certain services such as transit and wastewater.

The County is now working with communities in urban unincorporated areas to encourage their incorporation, or annexation to nearby cities. When the transition of these areas is complete, the three current roles of the County will be reduced to two (local provider in unincorporated rural areas and county-wide services). In keeping with this reduced role, the Commission believes that a simplified form of government with blended legislative-executive powers would be appropriate for the County's reduced role.

The most appropriate process to examine the County's form of government is for the next Charter Review Commission to review options, seeking a commitment from the Council to act on its resulting recommendations.



Size and Structure: Recommendation No. 2

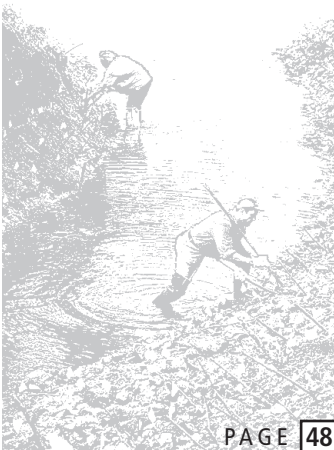
King County should consider and develop a “modern township” concept or an alternative representation model, to provide local representation in rural areas for those decisions best made locally.

As noted in the recommendations on Intergovernmental Relations, the County is primarily a provider of county-wide services, and must recognize its responsibility for local services in unincorporated areas. King County should establish a new system to improve local government representation for unincorporated areas outside the urban growth boundary. This effort should be conducted as a collaboration among King County, the State of Washington, and residents of unincorporated areas outside the urban growth boundary.

Residents of urban and suburban incorporated areas have two separate governments providing them representation and public services. City residents receive urban services from the city, such as streets, parks, and police services; and county-wide services from King County, including elections, assessments, jail services, transit and wastewater.

Residents of rural unincorporated areas have one government representing them, but playing two roles: King County provides local services (land use, roads, sheriff, and parks) in the unincorporated areas, and residents receive limited transit services from King County.

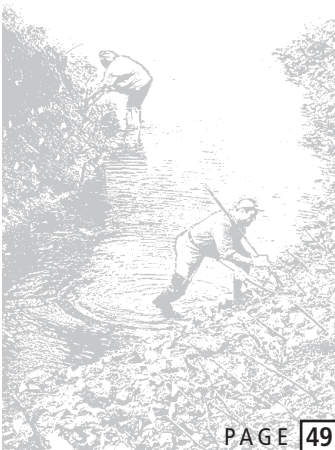
We heard frustration from rural residents who believe they have little local control over zoning and land use, a low connection to King County government and vice versa, and a wish that County services were better aligned to rural needs.



As the Commission discussed the future role of the County, it considered an organizational structure for executive services such as Departments of Rural Affairs, Urban Affairs, Regional Affairs; or other ideas that could bring a more local model of decisionmaking to these areas and bring the level of service closer to unincorporated communities. The purpose of such a model would be to help citizens to be more connected to local government.

For example, the township board would probably have defined powers in terms of zoning, land use, and variances, consistent with the Council-approved land use policies and King County's comprehensive plan. Planning and zoning in these areas would still need to be consistent with growth management policies and the Growth Management Act and other regulations. Shifting such activities to the township board would not only provide residents with policies more in keeping with their areas' desires, but would also unburden the King County Council of tasks better accomplished at a more local level. Moreover, review of township action by the Council would be appropriate, but probably should require a supermajority to override Township action.

The Township Board might take on additional responsibilities as an intermediary between County and rural residents, but the scope and nature of such responsibilities should come into focus through discussions between rural residents and County authorities. Changes to the County Charter, State law or other changes to law to implement the concept will depend on the details of the final proposal.



Elected/Appointed Offices

Background

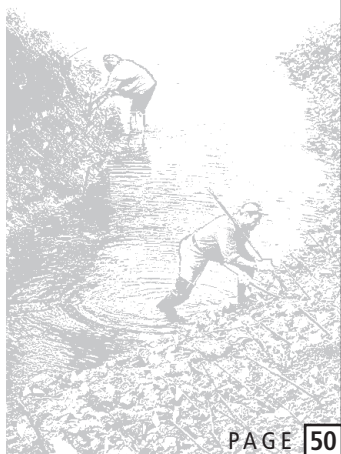
The King County Charter currently provides for the following elected offices: an Executive, 13-member elected Council, Assessor and Sheriff. The number of elected Superior Court judges and duties, and the elected status and duties of the Prosecutor's Office are set in state law. The elected Sheriff provides local police services for unincorporated area residents and 13 King County cities on contract; it also provides regional police services such as search and rescue, civil process, and sex offender registration to all County residents. In other counties in Washington, an office of the Auditor traditionally carries out a range of functions outlined in state law, including 1) recording (recording of real property documents such as deeds and other recorded documents); 2) licensing (licensing, titling, registration and tax collection); 3) elections and voter registration; 4) county financial audit and administration; and 5) clerk of the board of county commissioners. In King County, these functions are spread across several County departments. We heard of proposals to make the elections function of the Auditor an elected office in King County.

Recommendation

The Commission recommends that the County Executive, Council, Prosecutor and Assessor remain elected positions; the Sheriff's position should become appointive; and the elections function should remain appointive.

Rationale

- **Elected Executive, Council, Prosecutor, Assessor:** We heard from some that government officials who make policy should be elected, and those who need specific technical expertise to perform the functions of their offices should be appointed. These four offices clearly have a policymaking function within the County government and should be held accountable by the voters for their policy decisions through elective office. Moreover, the independence of a separately elected Prosecutor and Assessor is an important check against possible corruption.
- **Appointed Sheriff:** The Commission sees police services as a job requiring technical expertise, lending itself to appointed office. In addition, the Sheriff's service responsibilities as the official with primary law enforcement responsibility in unincorporated areas will continue to shrink as urban unincorporated areas annex to cities. This will mean the need for representation of all county residents for police services, which has substantially decreased since the sheriff's position was made elective, will continue to lessen over time.



- **Appointed Auditor:** We considered that election functions are a complex task performed for all jurisdictions by the County's elections department, and in the interest of efficiency, the function should be depoliticized and above reproach. We concluded that the Executive should choose a well-qualified professional whose appointment is confirmed by Council. New elections technology must be in hands of an honest, regarded professional. Only a minority of countries have elected elections officials, sheriffs, and judges. A minority of Commission members believed that an elected Auditor to handle elections functions might increase accountability to citizens, allowing the Auditor to advocate for changing technology needs and resources, and assure the security and quality and independence of the elections system.

Partisanship

Background

Currently all elected offices except for judges and the sheriff are elected on a partisan basis in King County. We heard testimony from the public identifying the political parties' role in identifying philosophies of government, promoting voting and involvement, and recruiting candidates and volunteers. (See Appendix N.) A change to the partisan status of offices would require a change to the King County Charter, or in the case of the Prosecuting Attorney, a change to state law.

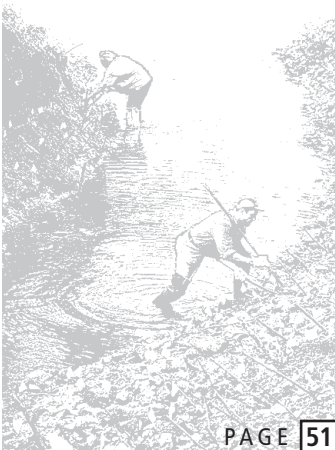
Recommendation

The Commission recommends that the Council, Executive, Assessor, and Prosecutor remain partisan elected offices.

Rationale

Political parties exist to identify principles and philosophy about the role of government in society. Most voters find partisan labels an easy way to identify a candidate's philosophy of government. Party influence in Washington State elections is relatively weak compared to other states, but well over half of voters in Washington identify with the two major parties. Most of the elected officials in King County's cities are elected on a non-partisan basis, although some report to us that even in a non-partisan environment, factions can develop that can leave those out of power without a voice.

We heard a strong sentiment in public testimony that the highest offices within the County with policymaking responsibilities should remain partisan (Council, Executive, and Prosecutor). In the case of the office of the Assessor, our reason for suggesting that this office remain partisan is that partisanship gives candidates running for this office a starting point to build a base of support and voters a better understanding of candidates' philosophy for the office. An additional reason to retain partisan offices is that some



Council size was increased from 9 to 13 in 1994 as a result of the Metro merger, with the rationale that the County was assuming county-wide transit and wastewater responsibilities and increased policymaking duties that warranted a larger Council.

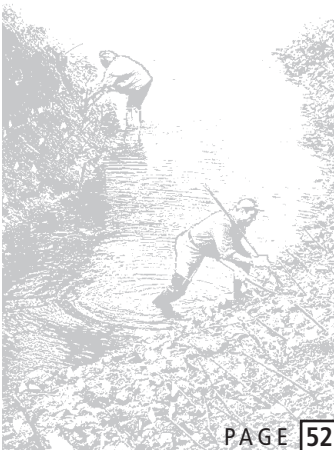
believe the existence of parties serves to limit the power of special interests, the media, and political consultants. Because our recommendation above is for other offices to remain appointive, we have no recommendation regarding the partisan nature of other offices.

Size and Structure of Metropolitan King County Council

Background

King County residents elect a 13-member Council serving 1.7 million residents, meaning each Councilmember currently represents about 133,000 residents. The Council size was increased from 9 to 13 in 1994 as a result of the Metro merger, with the rationale that the County was assuming the county-wide responsibilities of transit and wastewater from Metro and increased county-wide policymaking duties warranted a larger Council. Currently, the functions and responsibilities of Councilmembers include serving as the policymaking officials for the County. The Council adopts and enacts ordinances, levies taxes, appropriates revenue, adopts budgets, sets compensation policy, and adopts land use regulations. In addition to these legislative duties, Council agencies include:

- Council Administrator section, which provides support to the Council, administration of budget and oversight of legislative offices, and central staff who analyze proposed legislation, handle legal and policy issues, and conduct long-term special studies.
- Clerk of the Council, responsible for processing legislation and County records and agendas.
- Hearing Examiner, which conducts quasi-judicial public hearings on land use applications and appeals.
- Council Auditor, which conducts performance and financial audits and special studies of County departments, helping the Council with its oversight of government operations.
- Ombudsman-Tax Advisor's Office, which investigates complaints against agencies, recommends improvements, and provides information and assistance to the public; the Tax Advisor provides advice to the public on property tax law and the appropriate procedures to appeal property tax re-evaluations.
- Board of Appeals, which offers an impartial hearing process for appeals of valuations for tax assessments, business license decisions, and animal control orders.
- King County Civic Television, which provides the public with a way to view Council proceedings from their homes.



Each Councilmember spends time responding to requests from constituents, understanding and responding to the policy needs of his or her district, and serving on county-wide and standing committees on issues of County business.

The Commission recognized during the course of its work that a ballot measure existed addressing the size and structure of the Council (a single item in the Commission's larger scope of work). Our work and meetings were intended to provide a neutral forum for public comments on the governance subjects assigned to the Commission. We conducted our assigned work without regard to the specific ballot proposition; our recommendations below do not take a position on the specific ballot proposition.

Recommendation

The Commission believes that form should follow function. That is, the job responsibilities and the skills needed should be defined first, and then the number of people needed to do the job would next be defined. The functions of the Council, in keeping with the current Charter and the future role of the County in service delivery should include:

- **Propose legislation to set county policy at local (unincorporated) and county-wide levels;**
- **Approve and pass the county's budget and appropriation ordinances;**
- **Serve on regional committees to set the county-wide vision for transportation, water quality, and other regional policies;**
- **Act as a check on the Executive branch in oversight of County operations; and**
- **Serve as representatives of County government for residents of their districts.**

As noted in prior recommendations, we believe the County's role in the provision of local services to urban unincorporated areas will shift in the next few years. **Short term, until the annexation or incorporation of urban unincorporated areas is resolved and these areas are served by cities, the Commission recommends that the Council size should remain at 13 members.**

Longer-term, the Commission recommends that the number of Councilmembers be revisited as the annexation or incorporation of urban areas is proceeding, and to review whether Council size should be reduced from 13 to a smaller number sufficient to accommodate a revised scope of King County government.



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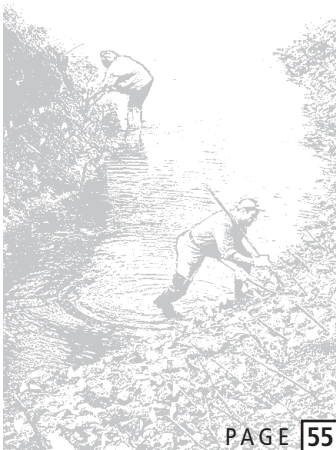
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Some believe that putting policymaking work on fewer shoulders would result in lower levels of service, and that a Council of 13 members keeps power in the hands of the people, rather than the influence of money or special interests in the political process.

We considered a number of benefits to having a 13-member Council. They are as follows:

- **Representation: Reflecting the views of a diverse citizenry.** Voters elect members to a legislative body to reflect their interests and priorities and the priorities of their neighborhood. The current size of districts (133,000 residents and growing) is already large and increasing the district to 200,000 or more makes it more difficult for the diverse areas of our county to be adequately represented by the people they elect.
- **Representation: Access to County Services.** Some believe that putting policymaking work on fewer shoulders would result in lower levels of service. Councilmembers currently develop relationships with people and sometimes act as liaison between members of the public and County departments. In one district there are 42 languages spoken; two Council districts have mostly minority populations, and maintaining the current number of districts maintains the potential for minorities to have fair representation and ability to navigate the County bureaucracy.
- **Power:** Districts of their current size allow the importance of local groups to remain important in the political process. Some believe that the current size of the Council would keep power in the hands of the people rather than increasing the influence of special interests, money in the political process, or the media.
- **Involvement in county-wide policy-making.** Some believe the same or a larger Council is needed because of the already complex set of services provided by the County and increased complexity that grew from the Metro merger. In addition, the county-wide duties of the County and Council impose burdens on Councilmembers. King County's government is too complex for a Councilmember to be a "generalist" and understand everything. Effective functioning requires that the Councilmembers work through committees, including participation in regional committees, and a smaller number of Councilmembers might not provide enough coverage of all the subjects and issues with which political leadership must deal.



Conclusion

King County's structural financial crisis cannot be solved with easy, quick solutions.

We urge the County to take bold action to implement the ideas contained in this report to set a path for financial sustainability and more efficient and effective services. The primary recommendations include:

- **Fundamental Shift in Criminal Justice Policy.**

It is unacceptable for the County's "growth industry" to be law and justice services. Although some of these costs are identified as mandatory, King County must identify an appropriate and affordable level of service for law and justice services, analyzing drivers of employment and aggressively and proactively constraining inputs to the law and justice system while continuing to protect our citizens from crime.

- **"Forward Thrust" for Human Development.**

Pressure on the criminal justice system cannot be decreased without corresponding major investments in human services. The severity of public sector funding constraints means significant community-based, private sector investment is needed. We call upon civic, community, foundations and faith-oriented leaders, in communication with County and city political leaders, to initiate a private-sector "Forward Thrust for Human Development" effort to mobilize resources in King County for a ten-year program of preventive and early treatment interventions through non-profit, and including faith-based, organizations, focused on funding and community support for services that reduce adult and juvenile crime.

- **Carry Out the Vision of the Growth Management Act.**

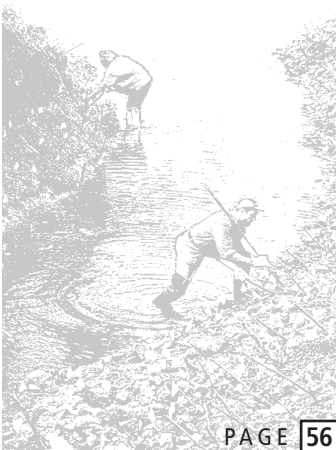
King County's "urban" and "rural" unincorporated areas pose significant and diverse service challenges. King County must implement regional finance and governance expectations of the Growth Management Act or seek State clarification of service and funding responsibilities in partnership with the cities. By the end of 2005, King County and other jurisdictions should move toward annexation or incorporation of urban islands with the participation of those communities. For areas outside the urban growth boundary, King County should pursue the creation of modern townships to provide citizens with a local source of decision making for local governance issues.

- **More Efficient and Effective County Business.**

A host of management approaches should be implemented to unify and streamline County government, including: consolidate central services within one agency instead of spread across all branches; expedite

*The County's fiscal crisis
cannot be solved with
easy, quick solutions.*

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The Commission's recommendations represent big steps that we believe need to be taken to help to advance the goal of better governance.



information technology strategic planning; and make robust, outcome-based performance measurement a high priority across the whole government. Investigation of labor costs and span of control must be done to assess classification and compensation levels between King County and other organizations. These internal reforms include a public education effort about the County's role, services and value it provides.

▪ **Governmental Structural Changes**

As King County's Service Role Shifts.

We see King County's future service roles shifting from three service roles (local urban, local rural, and regional) to two: provider of county-wide services and local service provider in the County's rural areas. As the County divests itself of urban service provision, the political structure of the County should be reconsidered, including a focused examination by the next Charter Review Commission of the Council-Executive form of government, and the potential reduction in size of the Council, to be revisited after the annexation or incorporation of urban areas is complete.

The County is a large, complex government facing equally complex challenges. The approaches we offer to meet those challenges are not simple. The Commission's recommendations represent big steps that we believe need to be taken to help to advance the goal of better governance by:

- Simplifying and streamlining the role of the County relative to the State and cities;
- Assisting with the extreme fiscal stress the County is facing; and
- Increasing the connection and awareness between the County government and its residents.

Time is of the essence. Systemic changes are required now. The situation demands bold action on the part of County leaders.

